

## **AGENCY-LEVEL FIVE-YEAR STRATEGIC PLAN**

### **MISSION STATEMENT**

To regulate and supervise pari-mutuel racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. To regulate and supervise boxing events conducted in Arizona to protect all participants in these events.

### **AGENCY DESCRIPTION**

The Department regulates the Arizona pari-mutuel horse and greyhound racing industries. The Department oversees, supervises and issues permits for all commercial horse, greyhound and county fair racing, including all live and simulcast racing; supervises off-track betting sites; conducts background checks and licenses all racing participants; collects state revenues generated by races; promotes and encourages the breeding of horses and greyhounds in the state; promotes and encourages the adoption of retired racehorses and retired greyhounds; and enforces laws and rules related to racing and wagering. The Department also regulates and supervises all professional boxing events and all mixed martial arts (MMA) contests in Arizona.

### **STRATEGIC ISSUES**

#### **Issue 1      Animal Drug Testing and Enforcement**

In May 2007, the Office of the Auditor General recommended that the Department continue to move forward to align its drug testing practices with the Association of Racing Commissioners International (ARCI) Model Rules, seek consensus with the industry in areas where there may be concerns, and put the equine drug testing policy and penalties into administrative rule instead of solely in Department policy. In August 2007, the Commission endorsed the proposed Equine Animal Medication Model Rules with exceptions preferable for Arizona racing. The Commission approved an Interim Policy to become effective October 1, 2007. In September 2007, ARCI endorsed the Model Rules section (ARCI-011-020(J)) pertaining to the regulation of anabolic steroids. The Commission approved the addition of the anabolic steroids prohibition section to the Department Interim Policy. In September 2011, these policies

were dropped because they may have been in conflict with statute and rules. This made it imperative that the Department implement a new rule that would fully adopt the Model Rules.

In 2012, Governor Jan Brewer authorized an exemption to the Arizona moratorium on rulemaking. With input from industry stakeholders, the Department developed a package of rules to bring ADOR rules into compliance with ARCI Medication and Testing Model Rules. That proposal has been approved by the Arizona Racing Commission and has been submitted to the Governor's Regulatory Review Council for final approval. It is anticipated that following GRRC approval, the new rules will take effect in December 2013.

## **Issue 2      Human Drug Testing and Enforcement**

The Department has regulatory authority to enforce the laws of Arizona and the Department's Administrative Code provisions regarding illegal substances and has aggressively done so to ensure the safety of all racing participants. Racing participants include the public, licensees, licensees that work directly with animals and the animal athletes. Individual licensees that are under the influence of any type of illegal substance put all racing participants at risk. Licensees that are found to have a positive drug test and can produce a lawfully issued drug prescription may not be subject to disciplinary action.

## **Issue 3      License Application Process**

The Department has revised the licensing process by computerizing the license application and license issuing process. This automation has reduced customer wait time, and made the licensing process more user friendly and efficient, while still obtaining the information necessary to determine eligibility for licensure. The Department continues to refine the background investigation process that has reduced false applications by 90%.

## **Issue 4      Increased Efficiency**

On January 14, 2010, Governor Brewer signed an Executive Order creating the Commission on Privatization and Efficiency (COPE). COPE's mission is to streamline governmental operations through consolidation and outsourcing.

## **Issue 5      Boxing and Mixed Martial Arts Program**

The staff of the State's Boxing and Mixed Martial Arts (MMA) Commission is within the Department of Racing. The Boxing and MMA Commission regulates and supervises professional boxing events and both professional and amateur MMA contests. The Boxing and MMA Commission's 5-year Review Report, which was approved by the Governor's Regulatory Review Council on May 1, 2012, identified a number of areas and rules that need to be improved and updated to better regulate the sports and provide contestants, promoters and officials with clearer understanding of applicable requirements. Key issues are the elimination of a statutory exemption for purported non-profit regulatory bodies and adoption of certain restrictions for amateur MMA contestants. Those issues have been addressed with the passage of H.B. 2263 which becomes effective September 12, 2013. Further updating of boxing and MMA rules will be considered.

## **STRATEGIES**

### **Issue 1      Animal Drug Testing and Enforcement**

The 2011 budget removed the Department from the General Fund and placed the Department's budget on full funding from the racing industry beginning in July 2012. Because of this the Department was able to increase the number of tests per start in 2011-2012 and plans to increase that number in the next fiscal year. Department expenditures for animal drug testing will increase to more than 10% of its appropriation in FY 2015.

### **Issue 2      Human Drug Testing and Enforcement**

The Department received a waiver from the 2009 rulemaking requirements of Title 41. Once the new rules take effect, Jockeys and Apprentice Jockeys will be required to pass a physical examination to include blood or urine sample for analysis. The Department continues to monitor and ensure that Arizona commercial racing permittees provide pre-employment drug screening for new, unlicensed job applicants for positions at racetracks and off-track wagering facilities. During the license application process applicants who indicate involvement in criminal drug offenses could be subject to a license denial. The Department's Investigative staff has received training on sample collection to ensure proper testing protocol. Additionally, the permittees' grounds have been designated as "Drug Free Zones" with appropriate signage being displayed.

### **Issue 3      License Application Process**

The Department's website continues to be an avenue to access the license application with instructions for completion, a list of license fees, and a description of license categories, along with local and national licensing information and links. The Department issues a two year license for all license categories and has staggered expiration dates to increase licensing operation efficiency and management. Licensing office hours and day of operations were extended to help increase customer service effectiveness. The Department's licensing fees established in 2012 are contributing to the Department's self-funding revenue.

### **Issue 4      Increased Efficiency**

Beginning in FY 11, the Department has participated in interagency service agreements with other state agencies such as the Department of Administration and the Office of the Attorney General. The Department has also outsourced functions such as rule writing, forensic investigations, animal certification, drug testing and software development. Contracting with professionals in these areas provide superior results and free up staff for other assignments.

### **Issue 5      Boxing and Mixed Martial Arts Program**

During the next year, the staff will focus on implementing appropriate changes through statutory amendments and/or rulemaking. In addition, there will be training sessions for boxing and MMA officials. In the past, there has been no formal training of the industry's officials. Additional training and knowledge will enhance our officials' credibility and competence. With additional funds for drug testing, the Boxing and MMA Commission will also be able to regulate and discourage behavior that is detrimental to the industry. A substantial increase in drug testing expenditures will keep boxing and MMA clean and ensure that certain contestants do not have an unfair advantage.

### RESOURCE ASSUMPTIONS

	FY 2014 Appropriation	FY 2015 Budget Request	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate
Full-time-equivalent (FTE) Positions	40.5	40.5	40.5	40.5	40.5
General Fund	\$2,029,500	\$2,029,500	\$2,029,500	\$2,029,500	\$2,029,500
Other Appropriated Funds	\$2,895,900	\$2,895,900	\$2,895,900	\$2,895,900	\$2,895,900
Non-Appropriated Funds	\$97,900	\$66,600	\$35,000	\$35,000	\$35,000
Federal Funds	\$0	\$0	\$0	\$0	\$0
Total Agency Funds	\$5,023,300	\$4,992,000	\$4,960,400	\$4,960,400	\$4,960,400